

**REPORT OF THE AUDIT OF THE  
CALDWELL COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CALDWELL COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**

The Auditor of Public Accounts has completed the Caldwell County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances decreased by \$84,471 from the beginning of the year, resulting in a cash surplus of \$1,039,528 as June 30, 2002.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2002, was \$2,905,000. Future collections of \$4,972,000 are needed to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$909,404 as of June 30, 2002. Future collections of \$1,118,959 are needed to meet these obligations.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Van Knight, Caldwell County Judge/Executive  
Members of the Caldwell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Caldwell County, Kentucky as of June 30, 2002, the statement of cash receipts, cash disbursements, and changes in cash balances, and the related statement of cash flows for the year then ended. These financial statements are the responsibility of the Caldwell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Caldwell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2002, of Caldwell County, Kentucky, and the revenues received and the expenditures paid, and the cash flows of its enterprise fund for the year then ended in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Van Knight, Caldwell County Judge/Executive  
Members of the Caldwell County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2002 on our consideration of Caldwell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Caldwell County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 23, 2002



CALDWELL COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

**Fiscal Court Members:**

Van Knight	County Judge/Executive
Ricky Cartwright	Magistrate
Ophelia Tinsley	Magistrate
Sandy Boaz	Magistrate
George Kilgore	Magistrate

**Other Elected Officials:**

James Miller	County Attorney
Jim Blackburn	Jailer
Toni Watson	County Clerk
Jo Ann Newsom	Circuit Court Clerk
Stan Hudson	Sheriff
James Wallace	Property Valuation Administrator
Eddie Pennington	Coroner

**Appointed Personnel:**

Connie Cartwright	County Treasurer
Joyce Gilkey	Occupational Tax Collector
Betty Holt	Finance Officer



STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS



CALDWELL COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	Governmental Fund Types	Proprietary Fund Type	Totals (Memorandum Only) Reporting Entity
	General	Enterprise	
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash	\$ 1,023,111	\$ 16,417	\$ 1,039,528
Restricted Cash- Payroll Revolving Account	10,825		10,825
Total Assets	\$ 1,033,936	\$ 16,417	\$ 1,050,353
<u>Other Resources</u>			
Amounts to be Provided in Future Years:			
Capital Leases	\$ 909,404	\$	\$ 909,404
Bond Payments	2,905,000		2,905,000
Total Other Resources	\$ 3,814,404	\$	\$ 3,814,404
Total Assets and Other Resources	\$ 4,848,340	\$ 16,417	\$ 4,864,757

CALDWELL COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
ARISING FROM CASH TRANSACTIONS  
June 30, 2002  
(Continued)

	Governmental Fund Types	Proprietary Fund Type	Totals (Memorandum Only) Reporting Entity
	General	Enterprise	
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Leases (Note 5)	\$ 909,404	\$	\$ 909,404
Bonds:			
Series 1999 (Note 4)	<u>2,905,000</u>	<u></u>	<u>2,905,000</u>
Total Liabilities	\$ 3,814,404	\$	\$ 3,814,404
<u>Equity</u>			
Retained Earnings:			
Restricted	\$	\$ 16,417	\$ 16,417
Fund Balances:			
Reserved	10,825		10,825
Unreserved	<u>1,023,111</u>	<u></u>	<u>1,023,111</u>
Total Equity	\$ 1,033,936	\$ 16,417	\$ 1,050,353
Total Liabilities and Equity	<u>\$ 4,848,340</u>	<u>\$ 16,417</u>	<u>\$ 4,864,757</u>

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CALDWELL COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,460,685	\$ 1,977,806	\$ 821,157	\$ 177,143
Receipts - Jail Canteen	31,216			
Other Financing Sources:				
Transfers In	900,920	455,275		275,000
State Medicaid Program	484,097	484,097		
Kentucky Advance Revenue Program	917,600	823,500	94,100	
Total Cash Receipts	<u>\$ 5,794,518</u>	<u>\$ 3,740,678</u>	<u>\$ 915,257</u>	<u>\$ 452,143</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,383,195	\$ 1,524,928	\$ 884,346	\$ 413,955
Expenditures - Jail Canteen	26,100			
Other Financing Uses:				
Transfers Out	900,920	445,645		
Capital Leases:				
Principal Paid	97,077	97,077		
Bonds:				
Principal Paid	70,000	70,000		
State Medicaid Program	484,097	484,097		
Kentucky Advance Revenue Program Repaid	917,600	823,500	94,100	
Total Cash Disbursements	<u>\$ 5,878,989</u>	<u>\$ 3,445,247</u>	<u>\$ 978,446</u>	<u>\$ 413,955</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (84,471)	\$ 295,431	\$ (63,189)	\$ 38,188
Cash Balances- July 1, 2001	<u>1,123,999</u>	<u>300,912</u>	<u>352,832</u>	<u>5,160</u>
Cash Balances- June 30, 2002	<u>\$ 1,039,528</u>	<u>\$ 596,343</u>	<u>\$ 289,643</u>	<u>\$ 43,348</u>



CALDWELL COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2002  
(Continued)

General Fund Types			Special Revenue Fund Type	Debt Service Fund Type	Enterprise Fund Type
Local Government Economic Assistance Fund	Ambulance Fund	Occupational Tax Fund	Water Project Grant Fund	Voted Hospital Bond Fund	Jail Canteen Fund
\$ 176,231	\$ 66,082	\$ 1,122	\$ 241,144	\$	\$ 31,216
10,000	160,645				
<u>\$ 186,231</u>	<u>\$ 226,727</u>	<u>\$ 1,122</u>	<u>\$ 241,144</u>	<u>\$ 0</u>	<u>\$ 31,216</u>
\$ 94,790	\$ 225,176	\$	\$ 240,000	\$	\$ 26,100
		451,746	1,144	2,385	
<u>\$ 94,790</u>	<u>\$ 225,176</u>	<u>\$ 451,746</u>	<u>\$ 241,144</u>	<u>\$ 2,385</u>	<u>\$ 26,100</u>
\$ 91,441	\$ 1,551	\$ (450,624)	\$ 0	\$ (2,385)	\$ 5,116
569	216	450,624		2,385	11,301
<u>\$ 92,010</u>	<u>\$ 1,767</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,417</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH  
FLows-PROPRIETARY FUND TYPE



CALDWELL COUNTY  
STATEMENT OF CASH  
FLows-PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2002

	Enterprise Fund
	<u>Jail Canteen</u>
Cash Flows From Operating Activities:	
Cash Received From Inmate Sales	\$ 31,216
Payments to Suppliers	(21,537)
Other (Payments)	<u>(4,563)</u>
Net Cash Provided by Operating Activities	<u>\$ 5,116</u>
Net Increase in Cash	\$ 5,116
Cash and Cash Equivalents - Beginning	<u>11,301</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 16,417</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	<u><u>\$ 5,116</u></u>

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Caldwell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Caldwell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Caldwell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Caldwell County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Caldwell County General Fund Types includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Ambulance Fund and Occupational Tax Fund.

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Caldwell County Special Revenue Fund Type includes the following county fund: Water Project Grant Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Voted Hospital Bond Fund.

4) Proprietary Fund Type

The Proprietary Fund Type is an enterprise fund used to report an activity for which a fee is charged to external users for goods or services. The Caldwell County Proprietary Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 97-001 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, deferred revenue, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Caldwell County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Jail Canteen Fund and the Voted Hospital Bond Fund. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Pennyryle Emergency Assistance Center is considered a related organization of Caldwell County Fiscal Court.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following is considered a joint venture between Caldwell County Fiscal Court and the City of Princeton: Princeton-Caldwell County Industrial Development Authority.



CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

General Obligation Refunding Bonds, Series 1999

The Caldwell County Fiscal Court has issued General Obligation Refunding Bonds, Series 1999 in the amount of \$3,175,000 for the purpose of refunding Series 1996 bonds. Interest on the bonds is payable each January 1 and July 1, beginning January 1, 2000. The bonds were issued in principal amounts of \$5,000 and integral multiples thereof and mature at various dates beginning January 1, 2000 through January 1, 2024. The bonds are subject to redemption prior to maturity.

CALDWELL COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2002  
 (Continued)

Note 4. Long-Term Debt (Continued)

General Obligation Refunding Bonds, Series 1999 (Continued)

Bonds and interest outstanding as of June 30, 2002:

Fiscal Year Ended June 30	Interest	Principal
2003	\$ 150,728	\$ 75,000
2004	147,390	80,000
2005	143,830	80,000
2006	140,150	85,000
2007	136,240	90,000
2008-2012	605,745	525,000
2013-2017	453,538	675,000
2018-2022	255,725	875,000
2023-2024	33,654	420,000
Totals	<u>\$ 2,066,999</u>	<u>\$ 2,905,000</u>

Note 5. Lease Agreements

The county has entered into the following lease agreements:

A. Courthouse Annex

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of the courthouse annex for \$215,000. The terms of the lease agreement are 12 annual principal payments and monthly interest payments at an interest rate of 5.82%. The Caldwell County Fiscal Court is in compliance with the terms of the agreement as of June 30, 2002. The principal balance at June 30, 2002 was \$136,000. Future debt requirements are as follows:

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 5. Lease Agreements (Continued)

A. Courthouse Annex (Continued)

Fiscal Year Ended June 30	Interest	Principal
2003	\$ 8,766	\$ 13,000
2004	7,838	15,000
2005	6,803	16,000
2006	5,701	17,000
2007	4,559	17,000
2008-2010	6,232	58,000
Totals	<u>\$ 39,899</u>	<u>\$ 136,000</u>

B. Economic Speculation Building

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the purchase of an economic speculation building for \$500,000. The terms of the lease agreement are 10 annual principal payments and 120 monthly interest payments at an interest rate of 4.76%. The Caldwell County Fiscal Court is in compliance with the terms of the agreement as of June 30, 2002. The principal balance at June 30, 2002 was \$417,804. Future debt requirements are as follows:

Fiscal Year Ended June 30	Interest	Principal
2003	\$ 18,822	\$ 50,452
2004	16,373	52,507
2005	13,823	54,647
2006	11,170	56,873
2007	8,409	59,190
2008-2010	8,241	144,135
Totals	<u>\$ 76,838</u>	<u>\$ 417,804</u>

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 5. Lease Agreements (Continued)

C. Ambulance Service Building

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of an ambulance service building for \$300,000. The terms of the lease agreement are 15 annual principal payments and 180 monthly interest payments at an interest rate of 5.37%. The Caldwell County Fiscal Court is in compliance with the terms of the agreement as of June 30, 2002. The principal balance at June 30, 2002 was \$206,000. Future debt requirements are as follows:

Fiscal Year Ended June 30	Interest	Principal
2003	\$ 12,626	\$ 19,000
2004	11,388	20,000
2005	10,087	21,000
2006	8,722	22,000
2007	7,293	23,000
2008-2011	13,635	101,000
Totals	<u>\$ 63,751</u>	<u>\$ 206,000</u>

D. Fire Truck

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Area Development District Leasing Fund (KADD) for the purchase of a fire truck for \$200,000. The interest rate is 4.96% with semi-annual payments due on May 20<sup>th</sup> and November 20<sup>th</sup> for 10 years. The Caldwell County Fiscal Court is in compliance with the terms of the agreement as of June 30, 2002. The principal balance at June 30, 2002 was \$149,600. Future debt requirements are as follows:

Fiscal Year Ended June 30	Interest	Principal
2003	\$ 7,192	\$ 18,600
2004	6,260	19,400
2005	5,285	20,400
2006	4,261	21,500
2007	3,182	22,500
2008-2009	2,887	47,200
Totals	<u>\$ 29,067</u>	<u>\$ 149,600</u>

CALDWELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 6. Insurance

For the fiscal year ended June 30, 2002, Caldwell County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 7. Inmate Accounts

The Caldwell County Jail maintains Inmate Accounts on behalf of the inmates. The inmates use these funds to purchase items from the jail canteen and pay any fees assessed while incarcerated. The Caldwell County Jailer has instituted adequate procedures and maintains adequate records to ensure every inmate's account is properly accounted for.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





CALDWELL COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 3,082,413	\$ 1,977,806	\$ (1,104,607)
Road and Bridge Fund	764,662	821,157	56,495
Jail Fund	135,993	177,143	41,150
Local Government Economic Assistance Fund	125,839	176,231	50,392
Ambulance	66,413	66,082	(331)
<u>Special Revenue Fund Type</u>			
Water Project Grant Fund	<u>241,141</u>	<u>241,144</u>	<u>3</u>
Totals	<u>\$ 4,416,461</u>	<u>\$ 3,459,563</u>	<u>\$ (956,898)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 4,416,461
Add: Budgeted Prior Year Surplus	1,109,312
Less: Other Financing Uses	<u>(651,174)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 4,874,599</u>

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SCHEDULE OF OPERATING REVENUE



CALDWELL COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	Totals (Memorandum Only)	GOVERNMENTAL FUND TYPES	
		General Fund Types	Special Revenue Fund Type
Taxes	\$ 1,595,738	\$ 1,595,738	\$
In Lieu Tax Payments	30,856	30,856	
Excess Fees	32,565	32,565	
Licenses and Permits	627	627	
Intergovernmental Revenues	1,688,834	1,448,834	240,000
Charges for Services	47,174	47,174	
Miscellaneous Revenues	28,810	28,810	
Interest Earned	36,081	34,937	1,144
Total Operating Revenue	<u>\$ 3,460,685</u>	<u>\$ 3,219,541</u>	<u>\$ 241,144</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





CALDWELL COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 789,046	\$ 746,240	\$ 42,806
Protection to Persons and Property	684,791	609,877	74,914
General Health and Sanitation	204,256	200,312	3,944
Social Services	500		500
Recreation and Culture	60,500	60,500	
Roads	919,380	830,922	88,458
Airports	5,000	5,000	
Debt Service	690,830	209,268	481,562
Capital Projects	211,790	123,779	88,011
Administration	1,067,365	357,297	710,068
 Total Operating Budget - General Fund Types	 \$ 4,633,458	 \$ 3,143,195	 \$ 1,490,263
 Other Financing Uses:			
General Obligation			
Refunding Bonds - Series 1999			
Principal	70,000	70,000	
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	917,600	917,600	
Fund Transfers-			
State Medicaid Program	484,097	484,097	
Capital Lease Agreement-			
Principal on Leases	97,077	97,077	
 TOTAL BUDGET - GENERAL FUND TYPES	 \$ 6,202,232	 \$ 4,711,969	 \$ 1,490,263

CALDWELL COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 For The Fiscal Year Ended 2002  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Health and Sanitation	\$ 240,000	\$ 240,000	
Administration	1,141		1,141
Total Operating Budget - Special Revenue Fund Type	\$ 241,141	\$ 240,000	\$ 1,141
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	\$ 241,141	\$ 240,000	\$ 1,141

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Van Knight, Caldwell County Judge/Executive  
Members of the Caldwell County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Caldwell County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Caldwell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caldwell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 23, 2002

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM


CALDWELL COUNTY FISCAL COURT


For The Fiscal Year Ended June 30, 2002

**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**CALDWELL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2002

The Caldwell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer



